

Rhode Island Economic Development Corporation

Enterprise Zone Council

Minutes of Meeting of October 1, 2013

RIEDC: Narragansett Room

315 Iron Horse Way, Suite 101

Providence, RI 02908

In attendance:

COUNCIL AFFILIATION

D. Varin Vice Chairman

R. Caniglia Stand Corporation

A. Gibbs RIEDC

D. Langley Urban League of RI

OTHER AFFILIATION

V. Barros RIEDC

M. Godin ED Foundation of RI

L. DiBoni City of Cranston

J.R Pagliarini RIEDC

E. Soares City of Pawtucket

B. Heath City of Pawtucket

S. Mara City of Pawtucket

J. Brito City of Providence

Herb Weiss City of Pawtucket

At 10:05 Mr. Varin called the meeting of the Rhode Island Enterprise Zone Council to order and stated that there was a quorum present.

The first item of business before the Council was the Enterprise Designation Request by the City of Pawtucket

Mr. Varin introduced Barney Heath, the director of planning for the city of Pawtucket, who addressed the Council. He introduced his staff in attendance. He explained that this new zone would be called the Pawtucket II Enterprise Zone and consists of two entire census tracts 153 and 154. The zone, on the eastern side of the city, includes the Pleasant View neighborhood and the main spin is a commercial district bordered by George Bennett Industrial Highway and I-95.

He presented the socio-economic demographic data for the two census tracts of the proposed zone: over 25% of the families are living below the poverty level, the unemployment rate is nearly twice that of the state's, the over-crowded housing rate is twice the state's average and the median household income and per capita income is less than half of the state's. He stated that the proposed zone encompasses a fairly challenged socio-economic area and that most of the housing in the area is multifamily unit with absentee landlords and that the housing stock is fairly dense.

He talked about economic development opportunity and highlighted

the integral role the proposed zone played in the city's ability to attract AMAC Tunstall who relocated from Long Island, NY to a previously vacant 85,000 sq. ft. building in Pawtucket. EZ incentives played an vital role in their decision to relocate to Pawtucket.

He talked about the economic multiplier effect of the 200-plus new jobs in that neighborhood – lowering the unemployment rate and increased spending at local small businesses.

He stated that the EZ designation could spur further development and attract other large employers, as an example, the same developer who did the Tunstall building has an interest in redeveloping another 6-acres of land to include 85,000 – 100,000 sq. ft. commercial building.

He also talked about how the city would actively promote and manage the zone. He concluded by stating that on the behalf Mayor Grebien, the city submits its EZ designation proposal and asks for the EZ Council approval of the designation request.

Mr. Caniglia asked if this new Pawtucket zone touches the Central Falls EZ?

Mr. Heath stated that it does not abut or touch any other existing zone.

Mr. Caniglia asked about the wages of the jobs being created by Tunstall.

Mr. Heath stated that he wasn't certain as to exact wage but that most of the jobs are call center jobs which are well above minimum wage and considered to be a livable wage.

Mr. Caniglia explained the importance and focus of the Council on how the EZ impacts jobs residence of the zone. On average is about 30% of EZ new jobs are filled by to EZ residents. He touts this fact in support of the EZ Program when speaking about the program.

He also stated that the EZ program has a solid track record of higher average wages while providing employment opportunities for zone residents which contradicts some of the general perception that the program – that is all about minimum wage jobs.

Mr. Heath said that the city would support and encourage the hiring of zone residents.

A general discussion ensued about the positive economic impact of the Tunstall's facility in Pawtucket in terms of jobs, economic spin-off and perception of the city as a place to locate and grow a business.

Mr. Varin stated that the proposal was very informative and asked if Tunstall is a c-corporation. He also asked if the city's state delegation

is willing to support the reinstatement of the EZ business tax credit for pass-through entities.

Mr. Heath and Ms. Godin both confirmed that Tunstall is a c-corporation. Mr. Heath asked Mr. Weiss to address the second part of Mr. Varin's question.

Mr. Weiss stated that in each of the last two years, Mayor Grebein has asked the delegation to introduced legislation to reinstate the EZ tax credit and he would expect the same again this year. Both times the legislation stalled in committee.

Mr. Varin stressed the importance of reinstate the tax credit because the main beneficiaries of the program in the past, small businesses, are now barred from earning EZ tax credits because most are anything but c-corporations.

Ms. Gibbs asked if Tunstall relocated to Pawtucket because of the EZ.

Mr. Heath replied that there was a package of both state and local incentives but the EZ was one of the major factors for sure.

Mr. Langley made a motion to approve the EZ designation retroactive to January 1, 2013 as mandated in the enabling legislation. The motion was seconded by Ms. Caniglia. There being no further discussion, all voted in favor and the motion was approved.

The next order of business before the Council was Other Business

Mr. Varin asked if there was any other business to come before the Council.

Mr. Barros informed the Council that there were two (2) EZs set to expire on 12/31/13 and would be seeking re-designation from the Council: the Mt. Hope and West Warwick EZs. He also told the Council that he was in contact with the appropriate personnel within each of the towns affected by the zone expirations.

Mr. Varin asked if there was any more business old or new to be discussed. There being none, he asked for a motion to adjourn. Ms. Gibbs made the motion which was seconded by Mr. Caniglia. All voted unanimously in favor of the motion to adjourn.